



Meeting Minutes: Board of Directors Meeting

Friday, January 10, 2025, 9:00 AM

The Board of Directors of the Minnesota Secure Choice Retirement Program held a hybrid meeting with Board members participating remotely and in person at 60 Empire Drive, Suite 100, St. Paul, Minnesota, on Friday, January 10, 2025, at 9:00 a.m.

Board Members Present

Jill Schurtz, Chair, arrived at 9: 40 a.m., Erin Leonard, Vice Chair, James Miley, Cynthia Geiwitz (remote), Danica Goshert (remote), Robin Ritter (remote), and Alex West Steinman (remote).

Others Present

David Bergstrom, Secure Choice Retirement Board (SCRB) Interim Executive Director; Andy Christensen (SBI); Ryan Tucker (SBI); Stephen Lloyd, Joey Warta, South Point Financial Services; Faiyaz Hashmi, Black Rock; Brian Cook, Minnesota Chamber of Commerce; Jonathan Boesche, NFIB; Courtney Eccles, Vestwell; Matthew Golden, Vestwell; Sam Blum, Blum Capital Management; Mary Benner; Angela Antonelli, Georgetown University; John Mule (SBI); Thomas Lloyd, Renest Horizons; and Thomas Zheng and guest; and Kristi Martinez.

Call to Order

Vice Chair Erin Leonard called the meeting to order at 9:05 a.m.

1. Approval of the December 6, 2024, Meeting Minutes

Robin Ritter moved approval of the December 6, 2024, meeting minutes. The motion was seconded by James Miley and passed unanimously by roll call vote.

2. Approval to Establish Default Contribution Rates, Default Escalation Rates, Maximum and Minimum Contribution Rates.

Dave Bergstrom, Interim Director, presented an overview of the auto IRA Program to the Board, explaining the automatic employee enrollment. To implement the auto IRA Program, it will be essential to establish default contribution rates, escalation rates, and set maximum and minimum contributions. He reviewed similar programs in other states and proposed that the Minnesota Secure Choice Retirement Board (SCRB) set a 5

percent default contribution rate, with a 1 percent annual escalation rate, capped at 8 percent. Employees will have the option to stop or change their contribution rates. Additionally, Dave suggested amending current law to allow contributions to exceed 8 percent and establishing a minimum rate once the Record Keeper is in place.

- James Miley moved to approve the establishment of default contribution rates, escalation rates, and the maximum and minimum contribution rates as outlined by Dave Bergstrom. The motion was seconded by Cynthia Geiwitz and passed unanimously by roll call vote.

3. Compliance Policy follow-up when contributions are withheld but not remitted

Dave Bergstrom provided a follow-up to the December 10, 2024, Board Meeting, discussing the involvement of the Federal Department of Labor in situations where salary contributions are withheld but not remitted to the Record Keeper. Dave's research on other states showed that most treat this issue as wage theft. He proposes that the SCRB adopt a similar stance, as outlined in the meeting materials, and recommends following the Department of Labor's protocols for correcting investment gains and losses. The Board also discussed collecting reimbursement of legal fees from an employer associated with any legal action taken by the Board against the employer.

It was recommended that Dave contact the Attorney General's office regarding potential liability if an employer fails to forward contributions to the Record Keeper. Dave emphasized the need for a law to be enacted this year and a proposal be forwarded to the Legislative Commission on Pensions and Retirement. He suggested that the Board approve the policy, which can be amended and refined in the future based on discussions with the Attorney General.

There was also a discussion on the requirement for fiduciary insurance or fidelity bonding to protect employees in the event of malfeasance or other issues. The law allows the Board to purchase insurance, and Dave will report back on this topic at the next meeting.

- James Miley moved to approve the policy with the amendment adding reimbursement by the employer to cover the cost of any legal fees. The Board will reconsider this topic after the Attorney General's office is contacted by Dave Bergstrom. The motion was seconded by Alex West Steinman and passed unanimously by roll call vote.

4. Request for Proposal to hire an Operational Consultant

Dave Bergstrom referred members to the proposal to hire an Operational Consultant, on an hourly basis, which will assist the Board in making upcoming decisions. He requested approval to issue a Request for Proposal to hire an Operational Consultant.

- James Miley moved to approve issuing the Request for Proposal (RFP) to hire an Operational Consultant. The motion was seconded by Cynthia Geiwitz and passed unanimously by roll call vote.

5. Approval of the Annual Board Report for January 2025

Dave Bergstrom presented the Annual Board Report for January 2025. He explained that the law requires the Board to submit an annual progress report to the various legislative committees, the Pension Commission, and

the State Board of Investment. This report provides a brief overview of the progress made by the Board in implementing the Program.

- James Miley moved to approve the Annual Board Report for January 2025. The motion was seconded by Alex West Steinman and passed unanimously by roll call vote.

6. Proposed 2025 Law Changes

Dave Bergstrom presented the proposed law changes to bring forward in the 2025 Legislative Session. He referenced his memo in the meeting materials. The law changes are based on the decisions the Board has made to date and technical changes.

- Cynthia Geiwitz moved to accept the recommendation to move forward with the proposed 2025 law changes. The motion was seconded by Alex West Steinman and passed unanimously by roll call vote.

7. Establishment of a Board Committee to facilitate the selection of a Record Keeper or a partnership with another State

Dave Bergstrom explained that the Board must decide whether to create a stand-alone Program or to partner with an existing program in another state. He provided details on both options. Dave is seeking permission to either establish a committee or issue an RFP to select a Record Keeper and explore a partnership opportunity simultaneously. This approach would allow for a comparison of costs and benefits. He proposes that the Consultant be selected first, followed by the hiring of the Executive Director, and then reviewing the responses to the Record Keeper and partnership proposals. The Board discussed the matter and agreed to direct Dave to manage the RFP process and have the State Board of Investment Staff and the consultant present the results to the full Board.

- Alex West Steinman moved approval to issue an RFP to select a Record Keeper or to join a partnership. The motion was seconded by Jill Schurtz and passed unanimously by roll call vote.

Non-agenda Items

Dave reported that the RFP to hire a search firm to find a permanent Executive Director has been drafted and sent to the Department of Administration for review. It will be submitted once finalized and approved. Additionally, the website is in progress, with information provided to the website development team at MNIT.

8. Adjournment

- Jill Schurtz moved to adjourn the meeting. The motion was seconded by James Miley and passed unanimously by roll call vote.

The meeting adjourned at 9:51 a.m.